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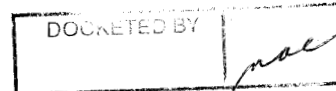
ARIZONA CORPORATION COMMISSION

2003 JUN 12 P 3:22

June 12, 2003 Arizona Corporation Commission  
DOCUMENT CONTROL  
DOCKETED

Mount Tipton Water Company, Inc.  
P.O. Box 38  
15695 Ironwood Drive  
Dolan Springs, Arizona 86441

JUN 12 2003



RE: MOUNT TIPTON WATER COMPANY, INC. - APPLICATION FOR A RATE  
INCREASE, DOCKET NO. W-02105A-03-0303

LETTER OF DEFICIENCY

Dear Ms. Morgan:

In reference to your rate application received on May 13, 2003, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until June 27, 2003, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Charles R. Myhlhausen. He can be reached at (602) 542-0863, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

John S. Thornton, Jr.  
Chief, Financial & Regulatory Analysis Section  
Utilities Division

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CC: Docket Control Center (sixteen copies)  
Lyn Farmer, Hearing Division  
Delbert Smith, Engineering  
Consumer Services  
Legal Division

List of Deficiencies

1. Schedule A-1 Reference C

	<u>Present</u> <u>Rates</u>	<u>Proposed</u> <u>Rates</u>	<u>Dollar</u> <u>Increase</u>	<u>Percent</u> <u>Increase</u>
A-1, line 35	\$317,739	\$436,923	\$119,184	37.51
H-1, line 8	\$317,739	\$412,047	\$94,308	29.68

The amounts should be the same on both schedules

Schedule A-1, line 35, total revenue is \$317,739; Schedule C-1 line 6 total revenue is \$295,198. These amounts should be the same in both schedules.

Schedule A-1, line 29, Standpipe revenue is \$41,554; Schedule C-1 line 3 Standpipe revenue \$0.00. These amounts should be the same in both schedules.

Schedule A-1, line 32, regulator sales and other income is \$24,801; Schedule C-1, line 5. is 5,2,673. These amounts should be the same on both schedules.

Schedule A-1, line 33, Capital Maintenance Charges proposed rates is \$9,526; Schedule. C-1 - \$0.00. These amounts should be the same on both schedules.

Schedule A-1, line 34, Development Fees proposed rates is \$15,350; Schedule. C-1 - \$0.00. These amounts should be the same on both schedules.

These amounts should be the same in both schedules.

2. Schedule A-2 Gross Revenues does not reflect the gross revenues shown in Schedules A-1 and C-1.

3. Schedule B-5, line 2, Materials and Supplies Inventory is \$15,000 and on Schedule E-1, line 11, shows no balance for Materials and Supplies Inventory. These amounts should be the same on both schedules.

4. Schedule E-5, does not contains the Accumulated Depreciation and Construction Work in Progress amounts.

5. Schedule E-7, Construction Standpipe does not show any gallons however, Schedule A-1 shows revenue of \$41,554 for standpipe. Please provide gallons sold for Standpipe Service.

Mount Tipton Water Company, Inc.  
Docket No. W-02105A-03-0303

Schedule E-7, Water Statistics shows a 3-inch meter however, the bill count schedule shows a 4-inch meter. Please reconcile.

6. Schedule E-9, is missing from the application. Please submit.
7. Schedule F-1, interest expense is different than interest expense shown in Schedule E-2, and the Recap Schedule A-2. Please explain.
8. Schedule H-2, page 1, the  $\frac{3}{4}$  - inch meter size is not included in the listing of meter sizes.
9. Schedule H-3, page 34, the  $\frac{3}{4}$  - inch meter rate missing.

Schedule H-3, page 36, line 5, reflect a present tariff rate of \$40.00 for Reconnection (after hours), it should be \$0.00 per prior Commission approved tariff.

10. Schedule H-4, The bills count is incorrect. There should be separate bill count for each meter size for Dolan Springs for five months from January 1, 2002, through May 31, 2002. A separate bill count for Mount Tipton for each meter size for five months from January 1, 2002, through May 31, 2002. A separate bill count for the combination of both companies for the last seven months (June 1, 2002, through December 31, 2002) for each meter size is also required.

Schedule H-4, the present rates the bill count did not include 1,000 gallons minimum

Schedule H-4, At the proposed tariff rates the bill count does not match gallons included in the minimum as shown in Schedule H-3, page 34, line 12.

Schedule H-4, the proposed tariff rates does not show any break point in gallons for the tier 6 gallons.

11. Please provide supporting documentation and reasons for the increase in hook-up fees.
12. Does the information in the application include information for both Mount Tipton and Dolan Springs or just Mount Tipton?